

FUND OBJECTIVE

To achieve medium to long term capital appreciation through investments primarily in Malaysian bonds.

FUND DETAILS

Launch Date	20 October 2008	Domicile	Malaysia
Currency	Ringgit Malaysia	Launch Price	RM1.0000
Units in Circulation	31.26 million units (28 February 2020)	Fund Size	RM45.92 million (28 February 2020)
Unit NAV	RM1.4689 (28 February 2020)	Dealing	Daily (as per Bursa Malaysia trading day)
Fund Manager	Principal Asset Management Bhd	Benchmark	12 month FD
Taxation	8% of annual investment income	Fees	Management Fee: 1.0% p.a.
Risk Profile	Suitable for investors: <ul style="list-style-type: none"> Have a medium to long term investment horizon Want a diversified portfolio of fixed interest securities Are looking for a less volatile investment but can accept lower returns 	Other Charges	Inclusive of auditor fee & transaction charge

ASSET ALLOCATION OF THE FUND

Bonds/Debentures	Cash
80% - 98%	Up to 20%

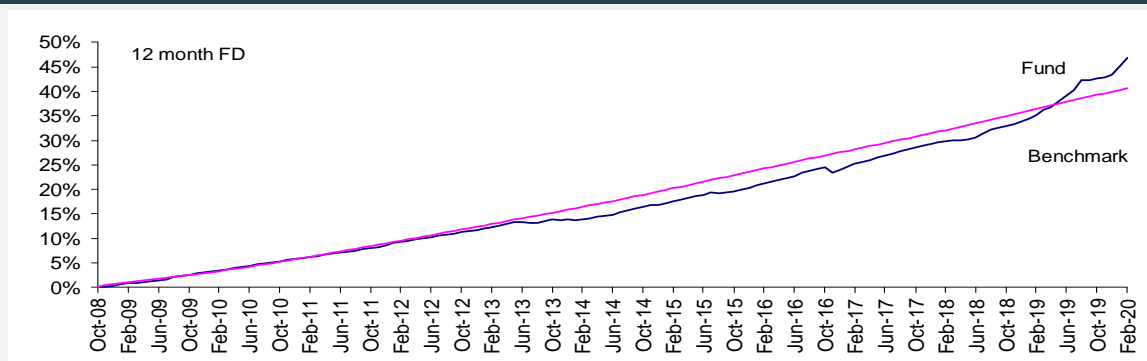
SECTOR ALLOCATION OF THE FUND

Corporate Bond	Government Bond	Short Term Paper	Cash	Total
93.06%	5.81%	-	1.13%	100.00%

TOP HOLDINGS OF THE FUND

Bond Issuer	Coupon	Maturity Date	%	Bond Issuer	Coupon	Maturity Date	%
MMC Corporation Bhd	5.95%	12/11/2027	12.14	WCT Holdings Bhd	5.32%	11/05/2022	5.69
Fortune Premiere Sdn Bhd IMTN	4.65%	21/12/2022	11.37	Fortune Premiere Sdn Bhd IMTN	4.85%	7/09/2023	4.66
IJM Corp Bhd IMTN	5.05%	18/08/2028	9.45	GII Murabahah	4.07%	30/09/2026	3.58
Sarawak Energy Bhd	5.50%	04/07/2029	6.51	YTL Power International Bhd	4.49%	24/03/2023	3.43
GENM Capital Bhd MTN 1826D	4.98%	11/07/2023	5.77	Exsim Capital Resources Bhd IMTN	5.00%	28/01/2022	3.33

PERFORMANCE RECORD



%	YTD	1M	1-Year	3-Year	5-Year	10-Year	Since Inception
Fund*	2.46	1.11	8.64	17.31	25.04	42.13	46.89
Benchmark	0.46	0.23	3.04	9.70	16.96	36.11	40.63

* Calculation of past performance is based on NAV-to-NAV

Notice: Past performance of the fund is not an indication of its future performance which may differ. The fund performance is not guaranteed.

FUND MANAGER'S COMMENTS

Market Review

During the month, the overall MGS yield curve continued to move lower across all tenures following the trend seen in the month prior. This was further fueled by the release of the disappointing GDP numbers for Q42019 of which most investors expected the central bank to further cut OPR rates. The 3-, 5-, 7-, 10-, 15-, 20- and 30-year MGS yields closed at 2.60% (-28bps), 2.66% (-33bps), 2.74% (-31bps), 2.84% (-31bps), 3.208% (-20bps), 3.23% (-19bps) and 3.66% (-17bps) respectively at the end of February-2020.

Outlook & Strategy

The Fed cut interest rates on 3 March in an emergency move ahead of the scheduled meeting on 18 March. The decision to cut was unanimous citing "Covid-19 poses evolving risks to economic activity" despite "fundamentals of the U.S. economy remain strong". Following the cut by the Fed, investors are now expecting a rate cut in the euro zone as well as by the Bank of England. BNM's MPC cut the OPR for a second time this year on 3 March bringing it to 2.50% which is a level not seen since the global financial crisis. The central bank noted that global economic conditions have weakened in the recent period as the ongoing Covid-19 has disrupted production and travel activity within the region. They stated that the OPR cut will provide a more accommodative monetary environment but overall seemed to continue sounding dovish in their statement.

FUND MANAGER'S COMMENTS (CONTINUED)

For MYR fixed income strategy, we believe market is still expecting a potential rate cut on the back of weaker fundamentals caused by Covid-19 globally. As such, govies will remain supported at these levels and may move slightly lower. We are however cognizant that the levels are very-rich but we will continue to cautiously use govies to achieve our portfolio duration exposure taking into consideration any potential turns in the market. Credit selection remains key for portfolio returns and we will may tactically increase Fund's the AAA weight to counter the potential slowdown in economy.

*Source : Principal Asset Management Bhd
Date : 28 February 2020*

Disclaimer:

The benchmark performance is not a guide to future performances which may differ. The performance of the fund is not guaranteed. The value of the fund will fluctuate and may fall below the amount of premiums paid and the fund value depends on the actual performance of the underlying investment. This material is for information purposes only and is subject to change at any time without notice. Sun Life Malaysia does not guarantee its accuracy, completeness, correctness or timeliness for any purpose or reason. This information should not be considered as advice or recommendation in relation to your account or particular investment objectives, financial situation or needs. You may not revise, transform, or build upon this material without prior written consent of Sun Life Malaysia. Before acting on any information you should seek independent financial advice.